

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6131

BILL NUMBER: SB 70

NOTE PREPARED: Jan 30, 2006

BILL AMENDED: Jan 30, 2006

SUBJECT: Charges for Small Consumer Loans.

FIRST AUTHOR: Sen. Paul

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: No Fiscal Impact

Summary of Legislation: (Amended) The bill provides that for a supervised loan of at least \$200 but not more than \$1,000, a lender may charge both: (1) an origination charge of not more than 10% of the principal amount; and (2) a monthly installment account finance charge based on the amount of the loan; instead of the finance charge that otherwise would apply to a supervised loan. The bill sets forth procedures for refunding the origination charge and the installment account finance charge upon the prepayment in full, refinancing, or consolidation of the loan. The bill prohibits the lender from: (1) making insurance charges or other charges for such supervised loans; and (2) committing certain acts. The bill requires the lender to provide certain information. The bill allows the Department of Financial Institutions to adopt rules concerning small consumer loans.

Effective Date: Upon passage.

Explanation of State Expenditures: (Revised) The Department should be able to adopt rules concerning small consumer loans within the ordinary course of business.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Financial Institutions.

Local Agencies Affected:

Information Sources:

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